

**SKIDEGATE BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

**SKIDEGATE BAND COUNCIL**

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## SKIDEGATE BAND COUNCIL

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2019

The accompanying financial statements of the Skidegate Band Council and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include some amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

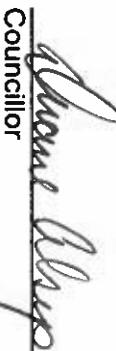
The Skidegate Band Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Band's assets are appropriately accounted for and adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the Band's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to Chief and Council.

Chief

  
Chancie Alsop

Councillor

Skidegate, BC  
July 19, 2019

**CARLYLE SHEPHERD & CO.** 

CHARTERED PROFESSIONAL ACCOUNTANTS

730 SECOND AVENUE WEST  
PRINCE RUPERT BC V8J 1H3  
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**INDEPENDENT AUDITOR'S REPORT**

**TO CHIEF AND COUNCIL - SKIDEGATE BAND COUNCIL**

**Opinion**

We have audited the financial statements of Skidegate Band Council, which comprise the statement of financial position as at March 31, 2019 and the statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

**Responsibilities of Management and Council for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless conditions exist that do not allow for the going concern basis to be used.

The Council are responsible for overseeing the Band's financial reporting process.

Prince Rupert, BC  
July 19, 2019

## SKIDEGATE BAND COUNCIL

### STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019 \$	2018 \$
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#### FINANCIAL ASSETS

Cash (note 1)	7,262,802	5,535,848
Accounts receivable (note 2)	1,522,108	1,019,622
Ottawa Trust funds (note 3)	<u>866,356</u>	<u>835,900</u>

#### LIABILITIES

Accounts payable and accruals (note 4)	2,988,791	1,553,344
Replacement reserve (note 5)	101,986	124,103
Subsidy surplus reserve	-	5,000
Long-term debt (note 8)	<u>259,070</u>	<u>317,053</u>
	<u>3,349,847</u>	<u>1,999,500</u>
	<u><u>6,301,419</u></u>	<u><u>5,391,870</u></u>

#### NET FINANCIAL ASSETS

#### NON-FINANCIAL ASSETS

Investments (notes 1 and 9)	2,489,702	2,363,243
Prepaid expenses (note 6)	119,849	106,364
Property and equipment (notes 1 and 10)	<u>25,833,218</u>	<u>22,771,490</u>
	<u><u>28,442,769</u></u>	<u><u>25,241,097</u></u>

34,744,188      30,632,967

#### BAND POSITION

Surplus (note 11)	5,643,323	4,804,097
Equity in Ottawa Trust funds (note 3)	866,356	835,900
Equity in property and equipment (note 12)	25,744,807	22,629,727
Equity in investments (note 9)	<u>2,489,702</u>	<u>2,363,243</u>
	<u><u>34,744,188</u></u>	<u><u>30,632,967</u></u>

#### CONTINGENT LIABILITIES (note 7)

#### APPROVED ON BEHALF OF COUNCIL

*Johnnie May* Councillor

**SKIDEGATE BAND COUNCIL**

**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED MARCH 31**

<b>REVENUE</b>	<b>Budget</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$
INAC	9,457,300	9,665,192	7,889,611
First Nations Health Authority	1,285,000	1,288,884	1,257,136
Ottawa Trust funds	29,000	30,456	28,492
CMHC	22,600	22,912	22,622
Parks Canada	383,000	383,000	425,489
Other	<u>3,636,000</u>	<u>3,935,394</u>	<u>1,911,067</u>
	<u><b>14,812,900</b></u>	<u><b>15,325,838</b></u>	<u><b>11,534,417</b></u>

**EXPENDITURE**

Administration	1,551,762	1,579,517	1,494,298
Amortization	600,000	603,691	578,223
Capital projects	5,204,259	1,394,646	2,342,029
Community infrastructure	1,133,500	1,116,115	1,122,812
Education	3,783,500	3,912,040	3,661,828
Health	-	15,922	16,524
Other	835,364	785,785	431,139
Parks and recreation	652,773	664,377	669,933
Social housing	71,555	28,240	72,623
Social services	683,500	655,793	735,774
Youth	<u>456,500</u>	<u>458,491</u>	<u>524,991</u>
	<u><b>14,972,713</b></u>	<u><b>11,214,617</b></u>	<u><b>11,650,174</b></u>

**REVENUE OVER EXPENDITURE**

-159,813      4,111,221      -115,757

**OPENING POSITION**

30,632,967      30,632,967      30,748,724

**CLOSING POSITION**

30,473,154      34,744,188      30,632,967

**SKIDEGATE BAND COUNCIL**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31**

	<b>2019</b>	<b>2018</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	4,111,221	-115,757
Amortization	603,691	578,223
Accounts payable and accruals	1,435,447	19,592
Replacement reserve	-22,117	19,426
Subsidy surplus reserve	-5,000	-
Accounts receivable	-502,486	358,663
Ottawa Trust funds	-30,456	-28,492
Prepaid expenses	-13,485	15,444
	<b><u>5,576,815</u></b>	<b><u>847,099</u></b>
<b>FINANCING ACTIVITIES</b>		
Long-term debt	<b><u>-57,983</u></b>	<b><u>122,641</u></b>
<b>INVESTING ACTIVITIES</b>		
Property and equipment additions	-3,665,419	-1,170,449
Investments	<u>-126,459</u>	<u>-47,481</u>
	<b><u>-3,791,878</u></b>	<b><u>-1,217,930</u></b>
<b>CHANGE IN CASH</b>		
<b>OPENING CASH BALANCE</b>	<b><u>1,726,954</u></b>	<b><u>-248,190</u></b>
<b>CLOSING CASH BALANCE</b>	<b><u>5,535,848</u></b>	<b><u>5,784,038</u></b>
<b>Represented by :</b>		
Cash	7,160,816	5,406,745
Unrestricted	<u>101,986</u>	<u>129,103</u>
Restricted	<u>7,262,802</u>	<u>5,535,848</u>

**SKIDEGATE BAND COUNCIL****STATEMENT OF CHANGES IN NET FINANCIAL ASSETS****YEAR ENDED MARCH 31**

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
	\$	\$	\$
Revenue over expenditure	-159,813	4,111,221	-115,757
Amortization	600,000	603,691	578,223
Property and equipment additions	-3,000,000	-3,665,419	-1,170,449
Prepaid expenses	15,000	-13,485	15,444
Investments	<u>-150,000</u>	<u>-126,459</u>	<u>-47,481</u>
Change in net financial assets	-2,694,813	909,549	-740,020
Opening net financial assets	<u>5,391,870</u>	<u>5,391,870</u>	<u>6,131,890</u>
Closing net financial assets	<u>2,697,057</u>	<u>6,301,419</u>	<u>5,391,870</u>

## SKIDEGATE BAND COUNCIL

### NOTES

**MARCH 31, 2019**

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous Services Canada which includes compliance with Canadian public sector accounting standards.

### b) Revenue Recognition

Revenue is recorded in the period in which the transactions or events that give rise to the revenue occur. Funding from external parties restricted by agreement or legislation is reported as deferred revenue until used for the purposes specified. Investment revenue is recognized when earned.

### c) Property and Equipment

Property and equipment purchases with a value greater than \$5,000 are reported on the statement of financial position. Property and equipment are reported at cost and are amortized using the declining balance method at the following annual rates:

Buildings	2.5%
Infrastructure	2.5%
Equipment	20%

Social Housing asset purchases under the CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related debt, as required for CMHC reporting purposes.

### d) Accrual Accounting

Revenue and expenditures are reported in the period which the services are rendered or products received.

### e) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

## SKIDEGATE BAND COUNCIL

### NOTES

MARCH 31, 2019

#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### f) Financial Instruments

It is management's opinion that the Band's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks. Financial assets and liabilities are recorded at market value at the date of acquisition.

##### g) Restricted Cash

The replacement and subsidy reserve account funds are restricted.

##### h) Investments

Investments are reported using the modified equity method.

#### 2. ACCOUNTS RECEIVABLE

	2019	2018
INAC	\$ 120,212	\$ 324,796
Receiver General	16,869	14,250
Other funding sources	741,875	677,397
Local	<u>1,357,169</u>	<u>890,168</u>
	2,236,125	1,906,611
Allowance for doubtful accounts	<u>714,017</u>	<u>886,989</u>
	<u><u>\$ 1,522,108</u></u>	<u><u>\$ 1,019,622</u></u>

#### 3. OTTAWA TRUST FUNDS

Indigenous Services Canada (ISC) holds funds in trust for the Band. These funds are designated as revenue or capital funds as is required by the Indian Act. The Band is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Band and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of ISC. A summary of activity follows:

	Revenue	Capital	Total
Opening balance	\$ 558,915	\$ 276,985	\$ 835,900
Interest and other	<u>23,087</u>	<u>7,369</u>	<u>30,456</u>
Closing balance	<u><u>\$ 582,002</u></u>	<u><u>\$ 284,354</u></u>	<u><u>\$ 866,356</u></u>

## SKIDEGATE BAND COUNCIL

### NOTES

**MARCH 31, 2019**

#### **4. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2019</b>	<b>2018</b>
Trade accounts and accruals	\$ 2,700,890	\$ 1,261,665
Receiver General	7,564	8,008
Wages and benefits	<u>280,337</u>	<u>283,671</u>
	<b><u>\$ 2,988,791</u></b>	<b><u>\$ 1,553,344</u></b>

#### **5. REPLACEMENT RESERVE**

	\$ 124,103
Opening balance	\$ 124,103
Replacement expenditures	-30,462
Current provision	5,680
Interest	2,665
Closing balance	<b><u>\$ 101,986</u></b>

A replacement reserve is maintained to provide for future asset replacement and is funded by an annual charge against earnings. The reserve is fully funded and in a separate bank account as specified in an agreement with Canada Mortgage and Housing Corporation.

#### **6. PREPAID EXPENSES**

	<b>2019</b>	<b>2018</b>
Post-secondary allowances	\$ 59,670	\$ 41,638
Social services	31,446	32,318
Deposits and other	<u>28,733</u>	<u>32,408</u>
	<b><u>\$ 119,849</u></b>	<b><u>\$ 106,364</u></b>

#### **7. CONTINGENT LIABILITIES**

Guarantor of Band member mortgages to \$4,177,594.

## SKIDEGATE BAND COUNCIL

### NOTES

**MARCH 31, 2019**

#### **8. LONG-TERM DEBT**

Royal Bank of Canada, \$3,51/month including interest at 2.33% per annum; secured by a mortgage on specified houses. \$ 88,619

Bank of Montreal, term loan, \$852/month including interest at 2.99%; secured by Band Council guarantee. 170,451

**\$ 259,070**

Principal repayment during the next five years is as follows:

2020	\$ 45,723
2021	46,815
2022	12,199
2023	5,695
2024	<u>5,867</u>
	<b>\$ 116,299</b>

#### **9. INVESTMENTS**

Losses are recorded to the extent of the Band's investment. The investment value is nil for Haida Expeditions Ltd. and Taaw Naay Enterprises Ltd.

Investment book values are as follows:

Gwaalagaa Naay Corporation	\$ 2,477,589
Delmas Co-operative, at cost	<u>12,113</u>
	<b>\$ 2,489,702</b>

The Band controls, with 100% ownership, the following entities:

Gwaalagaa Naay Corporation  
Taaw Naay Enterprises Ltd.  
Haida Expeditions Ltd.

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2019

**10. PROPERTY AND EQUIPMENT**

	PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Opening Balance	Additions Disposals		Closing Balance	Opening Balance	Annual Amortization	Disposals		Closing Balance	2019	2018
		\$	\$		\$	\$	\$	\$			
Land	620,712	-	-	620,712	-	-	-	-	620,712	620,712	
Buildings	9,632,503	3,652,333	-	13,284,836	4,358,491	124,330	-	4,482,821	8,802,015	5,274,012	
Infrastructure	38,140,230	-	-	38,140,230	21,576,753	414,087	-	21,990,840	16,149,390	16,563,477	
Equipment	1,442,497	13,086	-	1,455,583	1,129,208	65,274	-	1,194,482	261,101	313,289	
	<u>49,835,942</u>	<u>3,665,419</u>	<u>-</u>	<u>53,501,361</u>	<u>27,064,452</u>	<u>603,691</u>	<u>-</u>	<u>27,668,143</u>	<u>25,833,218</u>	<u>22,771,490</u>	

## SKIDEGATE BAND COUNCIL

### NOTES

MARCH 31, 2019

### 11. SURPLUS (DEFICIT)

	2019	2018
Administration	\$ 507,603	\$ 445,219
Capital Projects	3,010,453	1,809,561
Community Infrastructure	495,397	403,638
Education	122,412	310,333
Health	-	-199,148
Other	1,013,884	1,541,112
Parks and Recreation	67,286	93,456
Social Housing	-	-
Social Services	-	49,755
Youth	426,288	350,171
	<u>\$ 5,643,323</u>	<u>\$ 4,804,097</u>

### 12. EQUITY IN PROPERTY AND EQUIPMENT

	2019	2018
Opening balance	\$ 22,629,727	\$ 21,985,059
Contributions from operations	3,665,419	1,170,449
Loan repayment	53,352	52,442
Amortization	<u>-603,691</u>	<u>-578,223</u>
Closing balance	<u>\$ 25,744,807</u>	<u>\$ 22,629,727</u>

### 13. SEGMENT DISCLOSURE

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note one. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

SKIDEgate BAND COUNCIL

NOTES

MARCH 31, 2019

13. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Projects	Community Infrastructure	Education	Health	Other	Parks and Recreation	Social Housing	Social Services	Youth	Amortization	Total 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>														
Government of Canada	11,147,900	1,072,707	4,132,807	1,028,020	3,382,529	140,981	266,073	513,000	22,912	573,000	227,959	-	11,359,988	9,594,858
Province of BC	145,000	-	-	-	-	-	-	-	-	-	144,809	-	144,809	146,023
Other	3,520,000	568,542	2,249,647	118,949	165,624	-	312,186	138,293	74,422	31,252	162,126	-	3,821,041	1,793,536
	<b>14,812,900</b>	<b>1,641,249</b>	<b>6,382,454</b>	<b>1,146,969</b>	<b>3,548,153</b>	<b>140,981</b>	<b>578,259</b>	<b>651,293</b>	<b>97,334</b>	<b>604,252</b>	<b>534,894</b>	-	<b>15,325,838</b>	<b>11,534,417</b>
<b>EXPENDITURE</b>														
Administration	141,773	-	21,850	-	-	4,245	-	81,273	3,840	-	24,079	-	135,287	122,455
Advances to Band entities	175,000	-	-	-	-	-	125,686	-	-	-	-	-	125,686	124,042
Amortization	600,000	-	-	-	-	-	-	-	-	-	-	-	603,691	603,691
Contract services	8,201,164	30,832	1,226,023	317,802	2,905,146	-	27,308	4,469	390	6,820	104,256	-	4,623,046	5,362,550
Council operations	425,000	473,015	-	-	-	-	-	-	-	-	-	-	473,015	367,830
Insurance	149,000	17,419	-	46,726	2,442	-	60,692	9,401	3,428	1,752	4,483	-	146,343	140,784
Maintenance and repairs	195,000	200	-	150,781	-	-	-	-	10,827	-	-	-	161,808	185,216
Materials and supplies	869,000	185,022	136,802	104,275	29,126	11,677	230,999	195,973	-	27,754	26,152	-	947,780	879,519
Office and other	462,776	321,015	9,971	-	18,151	-	113,473	7,017	8,255	-	12,000	-	489,882	401,341
Professional services	116,500	116,528	-	-	-	-	-	-	1,500	-	-	-	118,028	141,880
Program allowances	1,113,500	-	-	-	668,925	-	-	-	-	427,848	-	-	1,096,773	978,676
Telephone and utilities	205,500	31,094	-	97,459	12,986	-	14,358	15,136	-	10,065	9,577	-	190,675	189,121
Travel and training	224,500	41,048	-	7,930	89,683	-	-	2,032	-	3,836	579	-	145,108	203,269
Wages and benefits	2,094,000	363,344	-	391,142	185,581	-	213,269	349,076	-	177,718	277,365	-	1,957,495	1,975,268
	<b>14,972,713</b>	<b>1,579,517</b>	<b>1,394,646</b>	<b>1,116,115</b>	<b>3,912,040</b>	<b>15,922</b>	<b>785,785</b>	<b>664,377</b>	<b>28,240</b>	<b>655,793</b>	<b>458,491</b>	<b>603,691</b>	<b>11,214,617</b>	<b>11,850,174</b>
<b>REVENUE OVER EXPENDITURE</b>														
TRANSFERS	-	157,568	-220,792	60,905	175,966	74,089	250,608	-	-	1,786	1,086	-	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>														
	<b>-159,813</b>	<b>219,300</b>	<b>4,767,016</b>	<b>91,759</b>	<b>-187,921</b>	<b>199,148</b>	<b>-458,134</b>	<b>-13,084</b>	<b>69,094</b>	<b>-49,755</b>	<b>77,489</b>	<b>-603,691</b>	<b>4,111,221</b>	<b>-115,757</b>